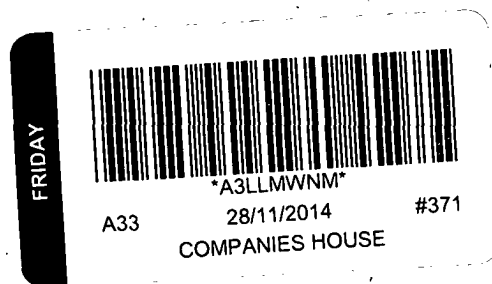


Teapigs Limited

Registered number 05426310

Annual report and financial statements

Year ended 31 March 2014



Teapigs Limited

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Teapigs Limited

Strategic report

Strategic report for the year ended 31 March 2014

The directors present their strategic report for the year ended 31 March 2014.

Principal activities

The company's primary activity is to source, market and distribute premium tea products.

Review of the business

The company made a profit for the financial year of £620,000 (2013: £420,000) driven by 31% year on year growth in turnover largely attributable to expanded distribution in the UK. The net asset position of the company of £1,928,000, increased from £1,308,000 last year with the retained profit in the year accounting for the increase.

The market performance remains strong in all channels and the business continued its expansion in international markets with the recent opening of teapigs subsidiary in the USA (Teapigs USA Inc.). The company also exports to various markets including Japan and Russia.

The company continues to pursue green credentials and its commitment to purchase tea for tea products from Rainforest Alliance ("RA") Certified TM farms. At the moment our English breakfast blend has the RA certificate.

Our tea temples are made from biodegradable corn starch. The material was developed in Japan and has the green "pla" mark which is an endorsement by the Japanese bio plastics association.

Our packaging is fully recyclable, and the cardboard used to make the packaging is FSC certified. FSC (Forestry Stewardship Council) is an organisation which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

In addition to printing on sustainable board, the ink we use on our packs is vegetable-based.

Key performance indicators

Due to the straightforward nature of the company, the directors consider that revenue and profitability are the key performance indicators of the company. These have been discussed above.

Teapigs Limited

Strategic report (continued)

Principal risks and uncertainties

The company takes a proactive approach to the management of the various risks that it faces. Of these risks the principal ones are raw tea pricing, currency movements, and the dependency on co-packer manufacturing of packed tea. These are managed in the following ways:

Raw tea pricing - raw tea is a large component of product cost and climatic conditions in the different countries from which raw tea is sourced can lead to fluctuations in price. The cost of product is managed through annual price negotiation with the supplier finished product.

Currency movements - foreign exchange risk in relation to export revenues and import costs is managed by the parent company's Treasury function using spot and forward contracts

Dependence on co-packer – This is managed by appropriate stock policies and identification of alternative source of supply.

By Order of the Board

A handwritten signature in black ink, appearing to read 'M Thakrar', is enclosed within a circular stamp.

M Thakrar
Director
3 July 2014

Teapigs Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

Future developments

The company's activities and future prospects have been reviewed and the company plans to continue trading within the tea market. The company is looking to maximise the value of its brand and to increase its presence in the wider beverage market through innovation.

Dividends

The directors do not recommend the payment of a dividend (2013: nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

L A Cheadle
N I Kilby
M Thakrar
N Holland

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, the directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Teapigs Limited

Directors' report (continued)

Statement of directors' responsibilities

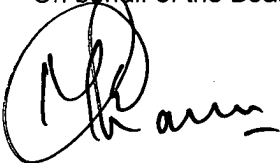
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business .

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



M Thakrar
Director

3 July 2014

Teapigs Limited

Independent auditors' report to the members of Teapigs Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Teapigs Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account and statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Teapigs Limited

Independent auditors' report to the members of Teapigs Limited (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Hitesh Haria (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
3 July 2014

Teapigs Limited

Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The company has consistently applied its accounting policies.

Cash flow statement

The company is a wholly-owned subsidiary of Tata Global Beverages Group Limited and is included in the consolidated financial statements of Tata Global Beverages Group Limited, which are publicly available. Consequently the company has taken advantage of the exemption from preparing the cash flow statement under the terms of FRS 1 (revised 1996).

Consolidation

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements as the results are included in the consolidated financial statements of Tata Global Beverages Group Limited.

Fixed Assets

Fixed assets are held at historic cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Computer Equipment	- 3 to 5 years
Fixtures and Fittings	- 2 to 5 years

Deferred tax

Deferred tax is fully provided in respect of timing differences that have originated but not reversed by the balance sheet date. These are based on average tax rates that are expected to apply at the time of the reversal, which will be the rates that have either been enacted, or substantially enacted, by the balance sheet date. No deferred tax is provided on permanent timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax balances are not discounted.

Turnover

Turnover comprises sales of goods after deduction of discounts and sales taxes. Turnover is recognised when the risks and rewards of the underlying products have been substantially transferred to the customer.

Teapigs Limited

Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises that expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition, including attributable overheads.

Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the day of the transaction. Any exchange differences are dealt with in the profit and loss account. Period end foreign currency assets and liabilities are translated at period end exchange rates.

Pension and other post retirement benefit arrangements

Pension costs relating to defined contribution schemes represent contributions payable to the scheme for the accounting period. They are recognised in the profit and loss account as they arise.

Reclassification of prior year information for comparative purposes

The other tax receivable and payable balances have been shown as a net receivable in the current year in Note 10. For comparative purposes, the prior year other tax payable balance of £457,000 has been netted off against the other tax receivable balance of £532,000 to leave a net other tax receivable of £75,000. The reclassification impacts Note 10, Note 12 and the balance sheet.

Teapigs Limited

Profit and loss account Year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Turnover	1	8,257	6,324
Cost of sales		(4,369)	(3,395)
Gross profit		3,888	2,929
Distribution costs		(643)	(569)
Administrative expenses		(2,452)	(1,837)
Operating profit	2	793	523
Interest receivable and similar income	4	11	-
Interest payable and similar charges	5	(1)	(1)
Profit on ordinary activities before taxation		803	522
Tax on profit on ordinary activities	6	(183)	(101)
Profit for the financial year	14	620	421

There is no material difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

All amounts shown above relate to continuing operations.

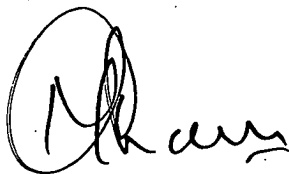
The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been provided.

Teapigs Limited

Balance sheet As at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Fixed assets			
Tangible Assets	7	21	22
Investments	8	-	-
		21	22
Current assets			
Stocks	9	1,334	968
Debtors (amounts falling due within one year)	10	2,045	1,371
Debtors (amounts falling due after more than one year)	11	1,098	299
Cash at bank and in hand		240	1,054
		4,717	3,692
Creditors (amounts falling due within one year)	12	(1,740)	(1,960)
Net current assets		2,977	1,732
Total assets less current liabilities		2,998	1,754
Creditors (amounts falling due after more than one year)	13	(1,070)	(446)
Net assets		1,928	1,308
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account	15	928	308
Total shareholders' funds	16	1,928	1,308

The financial statements on pages 7 to 17 were approved by the Board on 3 July 2014 and signed on its behalf by:



M Thakrar
Director

Teapigs Limited
Registered number 05426310

Teapigs Limited

Notes to the financial statements (continued)

1 Turnover

The principal operation of the company is the marketing and distribution of tea, which is regarded by the directors as a single class of business. The origin and destination of the company's turnover is predominantly the United Kingdom.

2 Operating profit

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
The operating profit is stated after charging:		
Wages and salaries	1,662	1,271
Social security costs	227	152
Other pension costs	37	28
Staff costs	1,926	1,451
Operating lease rentals - other	35	35
Depreciation of fixed assets - owned assets	11	10

The auditors' remuneration is paid by Tata Global Beverages Services Limited, a subsidiary of the company. The audit fee of £331,000 (2013: £314,000) was paid in aggregate for the audit of the UK based subsidiaries of Tata Global Beverages Group Limited and no split is separately available for the audit of the company.

3 Directors and employees

The average number of persons (full time equivalent) employed, principally in the United Kingdom, during the year was:

	2014 Monthly average number	2013 Monthly average number
Selling	13	9
Distribution	2	1
Administration	2	1
Total	17	11

Teapigs Limited

Notes to the financial statements (continued)

3 Directors and employees (continued)

The emoluments of the Directors were as follows:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Aggregate emoluments	198	193
Aggregate amounts receivable under long term incentive schemes	1,186	808
Other pension costs	25	24

Emoluments of the highest paid director were £119,313 (2013: £116,091) and receivable under long-term incentive scheme was £593,000 (2013: £404,000).

Benefits under a defined contribution scheme are accruing to two directors (2013: two directors).

4 Interest receivable and similar income

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest receivable on group loans	11	-

5 Interest payable and similar charges

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest payable on group loans	1	1

6 Tax on profit on ordinary activities

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Current tax:		
UK corporation tax on profits for the year	186	129
Adjustment in respect of previous years	(3)	(2)
Total current tax charge for the year	183	127
Deferred tax:		
Origination and reversal of timing differences	-	(26)
Tax on profit on ordinary activities	183	101

Teapigs Limited

Notes to the financial statements (continued)

6 Tax on profit on ordinary activities (continued)

The tax assessed on the profit on ordinary activities for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013:24%).

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Profit on ordinary activities before tax	803	522
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	185	125
Adjusting for the effects of:		
Short-term timing differences	-	4
Permanent differences	1	-
Adjustment in respect of previous years	(3)	(2)
Current tax charge for the year	183	127

Factors that may affect future tax charges for future periods

The main rate of corporation tax decreased from 23% to 21% from 1 April 2014 and reduces to 20% with effect 1 April 2015. Legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was included in the Finance Act 2014.

7 Fixed assets

	Fixtures and Fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2013	2	45	47
Additions	-	10	10
At 31 March 2014	2	55	57
Depreciation			
At 1 April 2013	2	23	25
Charge for the year	-	11	11
At 31 March 2014	2	34	36
Net book amount			
At 31 March 2014	-	21	21
At 31 March 2013	-	22	22

Teapigs Limited

Notes to the financial statements (continued)

8 Investments

	Shares in Group undertakings £'000
At 1 April 2013	-
Additions	-
At 31 March 2014	-

The directors believe that the carrying value of the investments do not require any impairment.

During the year a 100% equity investment of £66 (\$100) was made in Teapigs US LLC, a company incorporated in United States of America and is in the business of tea trading.

9 Stocks

	31 March 2014 £'000	31 March 2013 £'000
Finished goods	1,334	968

The amount shown for finished goods is not materially different from the replacement cost of those finished goods to the company.

10 Debtors - amounts falling due within one year

	31 March 2014 £'000	31 March 2013 £'000
Trade debtors	1,600	1,272
Amounts owed by group undertakings	60	-
Other debtors	243	21
Other taxation	139	75
Deferred tax	3	3
Total	2,045	1,371

The deferred tax asset £3,000 (2013: £3,000) arises on timing differences on fixed assets and is expected to be recoverable in the future. The asset is held at a corporation tax rate of 21% (2013: 23%). There is no unrecognised deferred tax (2013: nil).

Teapigs Limited

Notes to the financial statements (continued)

11 Debtors - amounts falling due after more than one year

	31 March 2014 £'000	31 March 2013 £'000
Amounts owed by group undertakings	1,098	299

Amounts owed by group undertaking includes a balance of £923,000 (2013: Nil) held with Tata Global Beverages Services Limited and a loan balance of £175,000 (2013: Nil) with Teapigs US LLC. Interest is charged at variable rates of 2% above LIBOR and the loan is unsecured. The loan agreement with Teapigs US LLC provides for the principal to be repaid on demand by the borrower. The company has indicated to Teapigs US LLC and Tata Global Beverages Services Limited that it will not require the loans to be repaid within the next 12 months.

12 Creditors - amounts falling due within one year

	31 March 2014 £'000	31 March 2013 £'000
Trade creditors	291	548
Accruals and deferred income	1,449	1,412
Total	1,740	1,960

13 Creditors - amounts falling due after more than one year

	31 March 2014 £'000	31 March 2013 £'000
Amounts owed to group undertakings	1,070	446

Amounts owed to group undertakings consist of a loan from Tata Global Beverages GB Limited. The loan is charged at variable rates and is unsecured. The principal is repayable on demand by the lender.

The lenders have indicated to the company that they will not require repayment of the loans until at least twelve months from the date that these financial statements were approved.

The borrowings have therefore been treated as payable after more than one year from the balance sheet date.

Teapigs Limited

Notes to the financial statements (continued)

14 Called up share capital

	Number	31 March 2014 £'000	31 March 2013 £'000
Authorised			
Ordinary shares of £1 each	10,000,000 (2013: 10,000,000)	10,000	10,000
Allotted, called up and fully paid			
Ordinary shares of £1 each	1,000,000 (2013: 1,000,000)	1,000	1,000

15 Reserves

	Profit and loss account £'000
At 1 April 2013	308
Profit for the financial year	620
At 31 March 2014	928

16 Reconciliation of movements in shareholders' funds

	31 March 2014 £'000	31 March 2013 £'000
Profit for the financial year	620	421
Net movement in shareholders' funds	620	421
Opening shareholders' funds	1,308	887
Closing shareholders' funds	1,928	1,308

Teapigs Limited

Notes to the financial statements (continued)

17 Leases

The Company had annual commitments under non-cancellable operating leases, as follows:

Commitment expires:	Land and buildings	
	2014 £'000	2013 £'000
Between two and five years	35	35
	<u>35</u>	<u>35</u>

18 Parent company

The immediate parent undertaking is Tata Global Beverages GB Limited. The smallest parent to include the company's results in its consolidated financial statements is Tata Global Beverages Group Limited, a company incorporated in the United Kingdom. Copies of that company's financial statements may be obtained from 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ. The largest company to consolidate the company's results and the company's ultimate parent undertaking is Tata Global Beverages Limited, a company registered in India. The consolidated financial statements of Tata Global Beverages Limited are available from 1 Bishop Lefroy Road, Kolkata, India.

19 Related party transactions

As the company is a wholly owned subsidiary of Tata Global Beverages Group Limited, advantage has been taken of the exemption afforded by FRS 8 not to disclose any related party transactions with members of the Group or associates and joint ventures of Tata Global Beverages Group Limited.

During the year, two children of one of the directors, N I Kilby, were employed by the company and were paid £3,561 in aggregate. There were no balances outstanding at the year end.